

APPROVED AS DRAFTED

The 300<sup>th</sup> meeting of the Rhode Island Student Loan Authority was held on Friday, December 14, 2012 in the McKenna Conference Room, 1<sup>st</sup> Floor, 560 Jefferson Boulevard, Warwick, Rhode Island.

Members in attendance:

Dr. Anthony Santoro

Dr. William Croasdale

Mr. John Howell

Mr. Chris Feisthamel, Designee of the General Treasurer

Members Absent;

Ms. Patti Doyle

Others in attendance:

Mr. Charles Kelley

Mr. Noel Simpson

Ms. Jennifer Dutch

Mr. Kevan McAleer

Ms. Faith LaSalle

Ms. Jessica David, RI Foundation

The meeting was called to order by Dr. Santoro at 10:40 a.m.

Upon a motion made by Dr. Croasdale and seconded by Mr. Howell it was unanimously

VOTED to approve the minutes from the Board of Directors meeting held on November 9, 2012.

**Loan Benefit Programs for 2013/2014 and Action Item #6 – To Authorize Staff to Attempt to Include Specified Borrower Benefits in Next Bond Issue**

Mr. Kelley reminded the board that the next bond issue would be for the 2013/2014 academic year and that he would like to discuss the potential of \$1 million interest or loan forgiveness program to be included with the program.

Mr. Kelley introduced Ms. Jessica David from the RI Foundation who joined the meeting to show her support for a student loan forgiveness program. Ms. David gave a brief overview of the Make It Happen RI conference that took place in Providence this past September at the Convention Center where about 300 people attended for economic development where ideas were put out into the community to help RI. She stated she was then approached by Mr. Kelley who spoke of RISLA's intentions of a rewards program to be established in its next bond issue. Mr. Kelley told the RI Foundation of an entrepreneurship reward program that would be designed to help keep students in the state after they graduate from school. Ms. David stated that there is a need to create new business as well as to help grow existing business.

Mr. Howell talked about a Quonset tour he took of the Electric Boat expansion and the possibility of an opportunity for in-state population of Afghanistan war veterans. He mentioned the needs at EB and how the security clearances are tough and the returning veterans may have those qualifications.

Mr. Feisthamel asked how much the new bond issue would be and if there would be a new business loan forgiveness program, if it would be for a certain amount of loans or for interest only? Mr. Kelley stated that the new bond issue may be between \$30-55 million and that the staff was just trying to get comfort from the board for a program type. He also said that students need help right after graduation and would hope the program would be designed similar to the Nurse Reward program where the interest is set to 0% and the borrower is able to make principal paydowns. He mentioned that the rates on the deal would be same as today. The current RIFEL program offers an online financial literacy program students can take in which RISLA will forgive the 4% upfront fees. He reiterated that RISLA wants to help the state.

Mr. Feisthamel stated that he would like to see some sort of language that would require a standard hurdle for borrowers entering the reward program, i.e. register with the state, LLC, sole proprietor, or produce a Schedule C. Mr. Kelley suggested forming a committee to oversee and set parameters.

Dr. Santoro reminded the board members that this program may get shot down by the rating agencies.

After further discussion by the Board a motion was made by Mr. Feisthamel and seconded by Dr. Croasdale, it was unanimously

VOTED to authorize the staff to attempt to include specified borrower benefits in the next bond issue not to exceed \$1 million.

### **Chairman's Report**

There was no Chairman's Report.

### **Executive Director's Report – Internship Update**

Mr. Kelley informed the board that the internship portal is receiving a couple of internships a day and that the colleges are helpful. He is pushing for paid internships and getting college credits. He also mentioned that advertising will begin in February.

### **Financial Statements**

Mr. McAleer stated that there has been a \$7.8 million gain recognized due to the early extinguishment of auction rate debt.

Dr. Croasdale inquired about the Voluntary Closing Agreement Program (VCAP) that RISLA has entered into with the IRS. Mr. Simpson updated the board with information on a couple of issuers who have settled with the IRS, Vermont and South Texas. Dr. Santoro asked how much Vermont settled for because they are similar in size to RISLA. Mr. Simpson indicated that neither Vermont nor South Texas publicly disclosed the amount of their settlements. , He also stated that their situation was quite different than RISLA's and with the most recent refinancing and the upcoming refinancing of approximately \$20 million in fixed rate bonds it will bring RISLA's liability, which is fully reserved, down by a couple of hundred thousand dollars. Mr. Simpson stated that the Nixon Peabody lawyers are dealing with the IRS on behalf of RISLA.

Dr. Santoro asked how much of RISLA's loan portfolio consisted of state loans versus federal loans, to which Mr. Kelley stated about half were state loans. Mr. Kelley also mentioned that all the RIFEL proceeds for the academic year 2012/2013 would be used by spring 2013. He also highlighted that the average rate on RISLA's CollegeBound loans is the Prime Rate which is equal to 3.25%.

Upon a motion made by Dr. Croasdale and seconded by Mr. Howell it was unanimously

VOTED to adjourn at 11:30 a.m.

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John Howell  
Secretary